

STAT



Log No. 378-S

Copy No. 2 of 5 copies

002.138-60

COPY 2: 2

ELECTRONIC SYSTEMS966 Commercial Street
Palo Alto, California
DAvenport 1-4175

March 10, 1960

REGISTERED - RETURN RECEIPT REQUESTED

Proposal No. 60-251

TO:



Contracting Officer

Subject: Proposal For Factory & Field Service and Open Call Contract

Gentlemen:

In response to the recent request from your organization, we are pleased to submit this letter proposal for 1) a Factory and Field Service Contract and 2) an Open Call Contract.

Factory and Field Service Contract

This portion of our proposal specifically relates to the supply of factory and field services as required for the electronic equipment (Granger Associates Model 504) we are supplying your organization under current contract. This service is to be made available on a continuing basis as requested by the customer through the remainder of the current fiscal year and during fiscal 1961.

We would expect this contract to cover such items as listed below:

- 1) Routine check-out and alignment of equipment returned to us after operational use in the field.
- 2) Modifications as may be directed by operational experience.
- 3) Shipping and packaging charges as required in performance of Items 1 and 2 above.
- 4) Engineering field service and consultation for equipment installation and field operating problems including travel expense.

Our current time and material rates are enclosed on a separate schedule. Included in the time and material rates are the usual labor, burden and G&A, and profit factors. Material and other direct costs, including travel, shipping, subsistence concerned with travel, etc., are billed at cost plus G&A in accordance with our usual method of handling such costs. No profit will be applied to these latter items.

C O P Y

TRA-512
Sec
Prop
Amend #1

STAT

Contracting Officer
Proposal No. 60-251
March 10, 1960
Page 2

The profit factor applied to the labor portion of the time and material rates is intended to return to us a profit or fee of approximately 10% on the overall effort including materials and other direct charges, as well as labor. Based on the experience we have had with a similar type contract we now have in effect and assuming a similar ratio of labor to material costs, we are confident the profit factor applied is appropriate. Incidentally, the formula used for the time and material rates in this proposal are the same we now have in use on a current contract.

Open Call Service

We understand the Open Call Contract will be established primarily as a mechanism for the supply of replacement parts and materials, and that the labor portion of such requested service will be at a minimum.


On this basis we would propose to make our services available on call as required. The simplest and most straightforward way to charge for this type of service is to bill you on a straight CPFF basis. * We would bill labor at actual rates, apply our projected burden rate to the labor, add in materials and all other direct charges at cost plus our current projected G&A rate, and add the fee. As we agreed with your representative, a 9% management fee would be appropriate.

Since our burden and G&A rates do change, we would propose that both the Factory and Field Service T&M Contract and the Open Call Contract be initially written to cover the period from the present to August 31, 1960, which is the end of our fiscal year. The contracts could then be renegotiated reflecting any changes necessitated by our experience, and current overhead rates could also be incorporated.

I believe that, in general, these proposals reflect the results of our discussions with Jim last week. If there is any discrepancy, or if any questions are still left unanswered, please let us know.

* as the basis for a Fixed-Price bid.

Very truly yours,


Vice President and
Treasurer

RJH:jb

Encl: 2 cc Time and Material Labor Rates

SCHEDULE AGRANGER ASSOCIATES
Palo Alto, CaliforniaTIME AND MATERIALS RATES -- TECHNICAL PERSONNEL

<u>CLASSIFICATION</u>	<u>HOURLY</u>
Supervisory Engineer I	\$22.83
Supervisory Engineer II	18.52
Project Engineer	15.53
Senior Engineer	12.14
Engineer	9.99
Junior Engineer	7.67
Production Engineer	13.58
Electronic Technician I	8.57
Electronic Technician II	6.42
Mechanical Technician I	8.57
Mechanical Technician II	6.07
Welder-Machinist	8.40
Draftsman	7.16
Designer	9.50
Senior Designer	11.43
Assembler	5.51
Secretary	5.43

February/1960